

AMENDED IN SENATE MARCH 17, 2010  
AMENDED IN ASSEMBLY AUGUST 31, 2009  
AMENDED IN ASSEMBLY JULY 1, 2009  
AMENDED IN ASSEMBLY JUNE 29, 2009  
AMENDED IN ASSEMBLY MAY 14, 2009  
CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

## ASSEMBLY BILL

**No. 1506**

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### Introduced by Assembly Member Anderson

(Coauthors: Assembly Members Adams, Arambula, Beall, Bill Berryhill, Tom Berryhill, Blakeslee, Block, Blumenfield, Brownley, Buchanan, Caballero, Charles Calderon, Carter, Conway, Cook, Coto, Davis, DeVore, Duvall, Emmerson, Eng, Fletcher, Fong, Fuller, Gaines, Galgiani, Garrick, Gilmore, Hagman, Hall, Harkey, Hernandez, Hill, Huber, Jeffries, Jones, Knight, Lieu, Logue, Bonnie Lowenthal, Mendoza, Miller, Nava, Nestande, Niello, Nielsen, John A. Perez, V. Manuel Perez, Portantino, Ruskin, Saldana, Silva, Skinner, Smyth, Solorio, Audra Strickland, Swanson, Torlakson, Torres, Torrico, Tran, ~~and~~ Villines, and Yamada)

(Coauthors: Senators Aanestad, Ashburn, Cox, Denham, Hollingsworth, Strickland, and Wyland)

February 27, 2009

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An act to add and repeal Section 17203.6 of the Government Code, relating to state funds, and declaring the urgency thereof, to take effect immediately.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1506, as amended, Anderson. State funds: registered warrants.

Existing law prescribes procedures for the issuance of registered warrants and provides that a registered warrant is acceptable and may be used as security for the performance of any public or private trust or obligation.

This bill would, if the Controller makes a specified determination, require a state agency to accept, from ~~any~~ a person or entity, a registered warrant or other similar evidence of indebtedness issued by the Controller endorsed by that payee, at full face value, for the payment of any obligations owed by that payee to that state agency.

The bill would specify that its requirements do not apply to certain obligations and would require the Controller, on or before the September 1 following the conclusion of a fiscal year in which a state agency is required to accept registered warrants or similar evidence of indebtedness pursuant to the bill's requirements, to submit a report to the Joint Legislative Budget Committee.

The bill would make its provisions inoperative on July 1, 2012, and would repeal them on January 1, 2013.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 17203.6 is added to the Government  
2 Code, to read:

3 17203.6. (a) Except as provided in subdivision (c), upon the  
4 Controller making the determination specified in subdivision (b),  
5 a state agency shall accept from ~~any~~ a person or entity a registered  
6 warrant or other similar evidence of indebtedness issued by the  
7 Controller that is endorsed by that payee, at full face value, for the  
8 payment of any obligations owed by that payee to that state agency.

9 (b) The requirements of subdivision (a) shall become operative  
10 only if the Controller determines that all of the following conditions  
11 are satisfied:

12 (1) The acceptance of registered warrants will not jeopardize  
13 the ability of the state to issue regular warrants for education

1 programs, debt service, state payroll, pensions, In-Home Supportive  
2 Services, Medi-Cal providers, or any other payment required by  
3 federal law, the California Constitution, or a court order.

4 (2) The acceptance of registered warrants will not result in a  
5 net cost to the state. For purposes of this paragraph, the calculation  
6 of “net cost” includes, but is not limited to, all of the following  
7 factors:

8 (A) Interest savings related to redemption of the registered  
9 warrant or other form of indebtedness.

10 (B) Interest costs related to any new registered warrants or other  
11 forms of indebtedness issued to replace the registered warrant or  
12 other form of indebtedness accepted for payment of an obligation  
13 to the state.

14 (C) Costs related to any other internal or external borrowing  
15 required to offset the loss of resources due to acceptance of the  
16 registered warrants or other forms of indebtedness for payment of  
17 an obligation to the state.

18 (D) Foregone interest earnings related to loss of payments due  
19 to acceptance of the registered warrants or other forms of  
20 indebtedness for payment of an obligation to the state.

21 (E) Significant new administrative costs to state agencies related  
22 to acceptance of registered warrants or other forms of indebtedness  
23 for payment of an obligation to the state.

24 (c) Subdivision (a) shall not apply to an obligation owed by a  
25 payee for payments subject to the immediate deposit standard  
26 contained in Section 3304(a)(3) of the Federal Unemployment Tax  
27 Act (26 U.S.C. Sec. 3304(a)(3)) or Section 303(a)(4) of the Social  
28 Security Act (42 U.S.C. Sec. 303(a)(4)).

29 (d) On or before the September 1 following the conclusion of  
30 a fiscal year in which a state agency is required to accept registered  
31 warrants or similar evidence of indebtedness pursuant to  
32 subdivision (a), the Controller shall submit a report to the Joint  
33 Legislative Budget Committee that contains all of the following  
34 information:

35 (1) The amount of warrants received or other forms of  
36 indebtedness received by state agencies.

37 (2) The effect of the acceptance of these warrants on the state’s  
38 cashflow and financial well being, including any net costs or  
39 savings, based on factors specified in subparagraphs (A) to (E),  
40 inclusive, of paragraph (2) of subdivision (b), and any impacts on

1 state payments required by federal law, the California Constitution,  
2 or a court order.

3 (e) This section shall become inoperative on July 1, 2012, and,  
4 as of January 1, 2013, is repealed, unless a later enacted statute,  
5 that becomes operative on or before January 1, 2013, deletes or  
6 extends the dates on which it becomes inoperative and is repealed.

7 SEC. 2. This act is an urgency statute necessary for the  
8 immediate preservation of the public peace, health, or safety within  
9 the meaning of Article IV of the Constitution and shall go into  
10 immediate effect. The facts constituting the necessity are:

11 In order to allow the residents of the state to pay for all  
12 obligations owed to the state, while the state is issuing registered  
13 warrants, or other similar debt instruments, which are, in fact,  
14 “IOUs” issued by the state, it is necessary that this act take effect  
15 immediately.